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CENTRAL INTELLIGENCE

CURRENT INTELLIGENCE RELATING TO NATIONAL SECURITY

State Dept. review completed

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18 May 1965

CENTRAL INTELLIGENCE BULLETIN

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Yemen: Premier Numan's government has further strengthened its position by turning back a bid for control by supporters of pro-Egyptian President Sallal.

Sallal's remaining powers appear to have been transferred to a new Republican Council, in which Sallal is but one of three members. The other two are close supporters of Numan. A crisis arose last week over the exclusion of Sallal's chief lieutenant, Vice President Amri. When pro-Amri officers threatened a coup on this issue, the arrival in Sana of several thousand tribal supporters of Numan saved the day.

The month-old government had earlier received important backing at a tribal conference in Khamir. Premier Numan is now sufficiently confident to send out two delegations of leading cabinet members, one to Arab capitals and the other to Yemeni tribal groups, to seek support. Egypt apparently still intends to go along with Numan and his efforts to settle the civil war.

Common Market: The initial EEC Council discussion of Common Market financing last week has clarified the areas of conflict between France and the other five members over the future development of the European community.

France objected to the commission's proposals to give the community an independent source of revenue from members' customs receipts and to strengthen the European parliament. The commission plan, however, was generally supported by the other five. Italy and The Netherlands wished to go even further in strengthening the parliament.

French strategy apparently remains aimed at promoting a temporary financing arrangement. Paris would thus hope to protect the large benefits it now derives from the EEC's Common Agricultural Policy (CAP) while avoiding a confrontation over its general attitude towards community integration.

The other five may yet agree to some provisional compromise but the commission evidently intends to make this as difficult as possible. Prior to the council meeting Commissioner Mansholt had publicly stated that if the commission's proposals are not accepted the financing of the CAP will have to be borne by the national governments—a particularly heavy burden for France.

Mansholt also hinted that an internal split in the EEC on the handling of these agricultural and financial problems would impair the EEC's ability to negotiate on agriculture in the Kennedy Round.

*Bolivia: La Paz was finally quiet last night under a state of siege but the lull may be only temporary.

Police and armed forces units moved effectively yesterday afternoon to break up violent labor demonstrations protesting the 15 May arrest and deportation of labor leader Juan Lechin. Before they dispersed, the mobs burned the Military Air Transport office and wrecked several vehicles. One demonstrator was killed and 27 people reportedly were wounded. This marks the first occasion that army troops have been used against civilians since the military junta took power last November.

Although the junta was successful in quelling the labor demonstrations, a general strike of all nationalized mines, most railroads and factories remains in effect. Several mines have been taken over by the miners and, in at least one instance, mine administrators are being held hostage, according to press reports.

It is unlikely, in view of the now serious deterioration in government-labor relations, that the strike action can be terminated without use of force.

NOTES

Austria - France - North Korea: A joint French-Austrian sale of industrial equipment to North Korea, which has been under negotiation for more than a year, may be moving towards completion. A French bank has already promised to extend a \$20 million credit guarantee, and the Austrian Government is considering the application of a state-owned industrial firm for a guarantee to cover another \$40 million. The Austrian credit would be used primarily for the purchase of steel production equipment. A permanent North Korean trade mission, Pyongyang's first in Western Europe, was established in Vienna last year.

Nationalist China: Dissident leader Thomas Liao returned to Taiwan on 14 May, announced the dissolution of his Taiwanese independence organization, and claimed a reconciliation with President Chiang Kaishek) Liao was reportedly persuaded to return by the Nationalists' offer to free his imprisoned relatives and by Japan's stiffening attitude toward his Tokyo-based organization. The loss of the leading symbol of Taiwanese nationalism will weaken the movement abroad and probably further reduce the willingness of local

Taiwanese to risk participation in independence activities.

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